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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

CD NO.

COUNTRY China/Hong Kong

DATE DISTR. 16 Oct. 1950

SUBJECT Chinese Communist Fuel and Tire Purchase

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1. On [REDACTED], 4,600 bags of rice were sent from Canton to Hong Kong on the SS YUNG P'ING (永平), which belongs to the Canton Military Control Commission (MCC), and were sold to Ta Kung (大公) and Chi Yuan (濟泉) Rice Stores at Hong Kong (HK) \$45 per bag. The Communists used the proceeds of HK \$207,000 to buy tires in Hong Kong.*

2. HU Jui (胡瑞), son of HU Han-hsien (胡漢賢), former principal of the Kwangtung Aviation School, has been working for the Communist Air Force since he and his father defected after the fall of Canton. On [REDACTED] HU Jui was sent to Hong Kong with HK \$2,000,000 to purchase high octane gasoline and to try to subvert former Nationalist Air Force personnel in Hong Kong. HU is staying in Room 502 of the Hsin Ya (新亞) Hotel.

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3. In [REDACTED] the Canton MCC established a fuel purchasing station at Shenchuan (114-08, 22-32) under LU Jung-k'uei (陸榮奎). All fuel smugglers from Hong Kong passing through this station must sell all smuggled gasoline or other fuel. The smugglers receive 10 percent profit.

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4. In [REDACTED] Soviet-made gasoline was being sold in Tientsin at 1,600,000 jenminp'iao per 53-gallon drum. The gasoline has an offensive odor.

Hong Kong

5. The Seven Seas Corporation, 421 Union Building, Hong Kong, is offering a full shipload of 5 to 15 thousand metric tons of 72 octane motor gasoline, 72 percent density, in bulk, 25 days from Central America. The price is US \$110 per ton c.i.f. Tientsin or Tsingtao. Payment of bank guarantee must be against TT document to sellers of an appointed bank in Switzerland and a performance bond of 20 percent of the total contract.

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BY CABLE

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* Comment. See [REDACTED] from the same source, concerning Chinese Communist purchase of tires in Hong Kong.

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